

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	Chapter 11
FTX TRADING LTD., <i>et al.</i> , ¹	Case No. 22-11068 (JTD)
Debtors.	(Jointly Administered)
Hearing Date: June 28, 2023 1:00 p.m. ET Objection Deadline: April 6, 2023 4:00 p.m. ET	

FIRST INTERIM FEE APPLICATION OF SULLIVAN & CROMWELL LLP

Name of Applicant	Sullivan & Cromwell LLP
Authorized to Provide Professional Services to:	Debtors and Debtors-in-Possession
Date of Retention:	January 20, 2023 <i>nunc pro tunc</i> to November 11, 2022
Period for which compensation and reimbursement is sought:	November 11, 2022 through January 31, 2023
Amount of interim fees to be approved as reasonable and necessary:	\$41,792,309.80
Amount of interim expenses sought as actual, reasonable and necessary:	\$283,826.67
Total compensation paid to date:	\$19,949,636.00
Total expenses paid to date:	\$239,364.63
Blended rate in this Application for all attorneys	\$1,458.15
Blended rate in this Application for all timekeepers	\$1,236.55
Number of professionals included in this Application	229
Number of professionals not included in staffing plan	0

¹ The last four digits of FTX Trading Ltd.'s and Alameda Research LLC's tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

If applicable, difference between fees budgeted and compensation sought for this period	\$16,457,690.20 under budget
Number of professionals billing fewer than 15 hours to this Application during this period	26
Any rates higher than those approved or disclosed at retention?	No.

This is a(n) monthly x interim final application

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Sullivan & Cromwell LLP (“S&C”), counsel to FTX Trading Ltd. and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, the “Debtors”), hereby submits this *First Interim Fee Application of Sullivan & Cromwell LLP* (the “Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred for the period from November 11, 2022 through and including January 31, 2023 (the “Application Period”). In support the Application, S&C respectfully states as follows:

Background

1. On November 11 and November 14, 2022,² the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) voluntary petitions for relief under title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended or modified, the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their

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² November 11, 2022 is the petition date for all Debtors, except for Debtor West Realm Shires Inc.

properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Joint administration of the Debtors' cases (the "Chapter 11 Cases") was authorized by the Court by entry of an order on November 22, 2022 [D.I. 128]. On December 15, 2022, the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an Official Committee of Unsecured Creditors (the "Committee") pursuant to section 1102 of the Bankruptcy Code [D.I. 231].

2. On January 9, 2023, the Court entered the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [D.I. 435] (the "Interim Compensation Order").

3. On January 20, 2023, the Court entered the *Order Authorizing the Retention and Employment of Sullivan & Cromwell LLP as Counsel to the Debtors and Debtors-in-Possession Nunc Pro Tunc to the Petition Date* [D.I. 553], authorizing the retention and employment of S&C as the Debtors' counsel, *nunc pro tunc* to November 11, 2022.

4. On March 8, 2023, the Court entered the *Order (I) Appointing Fee Examiner and (II) Establishing Procedures for Consideration of Requested Fee Compensation and Reimbursement of Expenses* [D.I. 834] appointing Katherine Stadler (the "Fee Examiner") to serve as the fee examiner in these Chapter 11 Cases and establishing certain procedures in connection therewith.

Jurisdiction

5. The Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in the Court pursuant to 28

U.S.C. §§ 1408 and 1409. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order or judgment by the Court in connection with this Motion to the extent it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

Relief Requested

6. By this Application and in accordance with the Interim Compensation Order, S&C seeks interim approval and allowance of its compensation for professional services rendered and reimbursement of expenses incurred for the Application Period (the “Period Compensation”), including authorization for the Debtors to pay the 20% holdback of fees as provided under the Interim Compensation Order (the “Holdback”). S&C has filed and served monthly fee applications covering the Application Period (collectively, the “Monthly Fee Applications”). Each of the Monthly Fee Applications is incorporated by reference as if fully set forth herein. For the avoidance of doubt, by this Application, S&C is seeking only allowance of the Period Compensation previously set forth in the Monthly Fee Applications and payment of the Holdback. Other than the Holdback, S&C is not requesting additional fees or expense reimbursement above the Period Compensation.

7. In accordance with the United States Trustee’s *Guidelines For Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 for Attorneys in Larger Chapter 11 Cases* (the “U.S. Trustee Guidelines”), this Application is supported by the following exhibits:

- **Exhibit A**: a summary of compensation by each professional of S&C that worked on the Chapter 11 Cases;
- **Exhibit B**: a summary of compensation by project category;
- **Exhibit C**: an expense summary;

- **Exhibit D**: S&C's customary and comparable compensation disclosures;
- **Exhibit E**: the estimated budget and staffing plan for S&C for the Application Period and
- **Exhibit F**: the Certification of Andrew G. Dietderich in support of the Application.

Compensation Requested

8. S&C seeks interim allowance of fees in the amount of \$41,792,309.80 for services rendered during the Application Period and reimbursement of expenses in the amount of \$283,826.67, which were incurred during the Application Period. In addition, S&C requests that the Debtors be authorized to pay the \$8,358,461.96 in fees representing the twenty percent (20%) "holdback" of fees.

9. The services performed by S&C during the Application Period included, among others:

- the coordination of free-fall filings for 102 companies around the world, the creation of a silo structure to organize and fund the Chapter 11 Cases, the establishment of new corporate governance arrangements for the global group, and the organization of the retention of professionals in dozens of jurisdictions;
- the responses to at least two separate incidents involving the unauthorized transfers of cryptocurrency and the establishment of new digital assets security protocols;
- the commencement of investigation into the scope and nature of customer entitlements on the Petition Date and the first steps to resolving the myriad of novel issues that will be raised in plan formation;
- the identification of critical path items in various corporate workstreams, including tax, intellectual property, asset security, human resources and global regulatory compliance;
- work in connection with preliminary disputes with the Joint Provisional Liquidators in both Australia and The Bahamas;

- the preparation, and approval of, of ‘first day’ and ‘second day’ motions and applications, and the negotiation of the requested relief with stakeholders, resulting largely in consensual proceedings before the Court despite the complexity of the subject matter of these Chapter 11 Cases and the number of affected stakeholders;
- the collection and organization of voluminous corporate records across various traditional and non-traditional media of communications, the collection of materials for discovery, and thousands of hours coordinating responses to governmental and regulatory authorities, including testimony before the Financial Services Committee of the U.S. House of Representatives and information requests from the Financial Services Committee, the SEC, the CFTC, the Department of Justice and numerous State and foreign authorities;
- the provision of information to, and cooperation with requests by, global law enforcement in connection with pending criminal investigations and prosecutions, contributing to the indictment of Samuel Bankman-Fried and the pleas of Caroline Ellison and Gary Wang;
- identification of over \$5 billion of liquid assets of the Debtors, many of which were frozen by custodians and/or held in the names of third parties to disguise ownership by the Debtors;
- the representation of the Debtors in four other large cryptocurrency chapter 11 cases—Voyager Digital, Celsius Networks, BlockFi and Genesis Digital;
- the integration of the Committee into the cases, the provision of information thereto and establishment of a constructive working relationship;
- the commencement of a task force to consider long-term options for the FTX exchanges and related technology;
- the preparation of the Debtors’ objection and supporting evidence to, and preparation of the hearing on, the U.S. Trustee’s motion to appoint an examiner;
- the approval of bid procedures for sale processes for four different operating businesses, the commencement of processes to review, value and group for sale hundreds of venture capital, token and other assets, and approval of de minimis asset sale procedures;
- requests for production of documents and interrogatories from various third parties, negotiations with counsel for related parties and

commencement of productions from such parties and

- the preparation of investigative summaries and public disclosure materials, and related discussions with stakeholders.

Notice

10. Notice of this Application has been provided to: (a) the U.S. Trustee, (b) the Committee, (c) the Fee Examiner and (d) all parties required to be given notice in the Interim Compensation Order. S&C submits that, in light of the nature of the relief requested, no other or further notice need be provided.

Conclusion

WHEREFORE, S&C respectfully requests that the Court (i) approve the Application and (ii) grant such further relief as is just and proper.

Dated: March 17, 2023
New York, NY

/s/ Andrew G. Dietderich

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